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schaftliche Bedeutung. Third edition. (Berlin: Siemenroth. 1913. Pp. xii, 202. 4 M.)

GARRONE, N. *La scienza del commercio.* Vol. I. *Organizzazione del commercio.* (Milan: F. Vallardi. 1913. Pp. 79. 2 l.)

HAMMANN. *Die Handelsbeziehungen zwischen Deutschland und Kanada im Jahre 1912.* (Berlin: Springer. 1913. Pp. 38.)

HENNIG, R. *Die Hauptwege des Weltverkehrs.* (Jena: Fischer. 1913. Pp. x, 320, maps. 9 M.)

OPPEL, A. *Der Welthandel. Seine Entwicklung und gegenwärtige Gestaltung.* (Frankfurt a. M.: Keller. 1914. Pp. v, 129. 3 M.)

SCHAUWECKER, C. *Der schweizerische Weinhandel unter dem Einfluss der gegenwärtigen Wirtschaftspolitik.* Zürcher volkswirtschaftliche Studien, 6. (Zurich: Rascher. 1913. Pp. 294. 9 M.)

USHER, A. P. *The history of the grain trade in France 1400-1710.* (Cambridge: Harvard University Press. 1913. Pp. xv, 405. \$2.)
To be reviewed.

Accounting, Business Methods, Investments, and the Exchanges

Public Utilities. Their Cost New and Depreciation. By HAMMOND V. HAYES. (New York: D. Van Nostrand Company. 1913. Pp. 262. \$2.00.)

The author's presentation of his subject is remarkably clear and concise, and this book is a most important contribution to the study of the general question of determining fair value for rate purposes. As stated in the preface, the purpose of the work has been largely to emphasize three distinct issues: (1) It is the duty of the appraiser not to ascertain the fair value—that function belongs to the court or commission—but to ascertain with accuracy, such figures as are necessary evidences of value and loss of value. (2) The original cost can be obtained without inordinate difficulty and is a figure of importance to those who must rule as to what the fair present value should be. (3) Depreciation is affected only indirectly by inefficiency, and as a necessary consequence, depreciation is dependent wholly upon the relation of the age to the life of the perishable property.

Mr. Hayes states that the engineer or accountant is not concerned with fair value, but merely with the presentation to the court of certain facts which the court may consider in its determination of fair value. In determining replacement cost the engineer should follow strictly the cost-of-reproduction theory, with-

out regard to the effect of the method followed on the equity of the result as between the utility and the public. Considerations of equity and justice may be left to the court or commission. The author's treatment of this subject needs to be qualified or supplemented by a statement that if original cost and replacement cost are developed consistently without regard to the apparent equities, all steps in the process should be clearly shown. Thus, if under the reproduction method pavement over mains laid without expense to the company is included in the reproduction cost, the cost of such mains should be made a severable item in the total reproduction cost found, so that a court or commission in considering the facts could give this element such treatment as it considered just. It should be pointed out that the court or commission will often use replacement cost merely as a test of original cost, or vice versa.

Perhaps the author's most important contribution to the study of the subject is his demonstration that original cost can be obtained without great difficulty. Many who have thought that the determination of original cost was in most cases impracticable, have considered original cost as the first cost of the units as originally installed. The author points out, however, that original cost properly considered is not the first cost of the original units, but the first cost of the units now in place. Original cost in this sense can be determined in much the same way as reproduction cost. In order to determine reproduction cost and accrued depreciation it is necessary, first, to have a complete inventory of the property, and, second, to know the age of the various classes of property. With the inventory and the date of construction of the units now in place the engineer can from price records estimate the actual cost of the property.

The book contains a very clear and comprehensive discussion of the depreciation problem. The author shows that the depreciation reserve should be carefully accounted for and never diverted to increase the profits of the security holders. As to the deduction of accrued depreciation in determining fair value, the author states that if the reserve is computed by the sinking-fund method and invested in outside securities the rate of return should be based on cost new. He states, however, that this is a method almost never used. The reserves for depreciation are usually invested in the plant. This assumes an allowance for depreciation on a straight line basis, and a deduction of accrued depreciation in determining fair value for rate purposes.

The book fulfills admirably the three main purposes stated by the author in the preface, *i.e.*, to point out: first, that fair value must be determined by the court and not by the appraiser; second, that original cost can and should be obtained; third, that accrued depreciation should in general be deducted in determining fair value.

ROBERT H. WHITTEN.

Principles of Industrial Organization. By DEXTER S. KIMBALL.
(New York: McGraw-Hill Company. 1913. Pp. xiv, 272.
\$2.50.)

For the general reader this book, reproducing a course of college lectures, really begins with the seventh chapter. There is little of consequence, except to the original hearers, either in the preceding general survey of modern economic history on its industrial side or in the brief account of the forms of business ownership. The remainder of the volume is of consequence and singularly devoid of bookishness; it gives the impression throughout of being based on wide, first-hand experience of contemporary industrial life. The leading subjects discussed—the types of organization, shop committees, planning departments, cost keeping, depreciation, compensation of labor, purchasing, store-room methods, methods of inspection, arrangement of equipment, theories of management—are dealt with so clearly, adequately, and accurately as to leave little to be desired. The author has shown good judgment in not cumbering his pages with illustrations of "the many kinds of cards and forms used in industrial management," presenting only such as were "necessary to illustrate the principles discussed." He should not have omitted, however, some account of the controlled "move order" system of a shop operated under scientific management, and the balance-of-stores sheet should have been mentioned and illustrated.

Statements open to adverse criticism are few indeed; but there are a few. For one thing, in several places there is suggested the fallacy of the limitation of the general market or possibility of general overproduction: as, for example, when on page 268 it is said, "We can now produce more manufactured goods than we can use, and far more than is needed to make all of us comfortable." Again on pages 105-106, in describing the nature and use of "time studies," it is stated that "observations are made of many repetitions of the same detail operation as performed by several